

CLERK: Mr. President, Senator Lindsay would move to return the bill for specific amendment. (Lindsay-Landis amendment can be found on pages 1094-96 of the Legislative Journal.)

SPEAKER BAACK: Senator Lindsay.

SENATOR LINDSAY: Thank you, Mr. Speaker. Members, the amendment that's printed on 1049 of the Journal is the amendment that will be done, with one change. And all we're doing is changing the operative date. On page 1051, lines 23 and 24, changing "January 1, 1993" to "July 1, 1992". With that, that's what the amendment will do. Other than that all provisions of the amendment stay the same. With that, I'll explain what the amendment does. The amendment deals with insurance, excuse me, actually with reinsurance. Earlier this year, LB 236 was adopted. In that bill was a provision which affects the reinsurance industry. Reinsurance is the method used to...by insurance companies to pass off some of the risk that the insurance companies have. You can only have so much risk, by law, in one particular type, or one particular risk. Under LB 236, excuse me, let me back up. Under current law, if there is a Nebraska insurance company may owe, let's say \$200,000 to a Iowa insurance company, and the Iowa insurance company, by reason of some claims it had, also owes the Nebraska insurance company say \$100,000. This is done day-to-day business, it happens on a regular basis. The problem you run into is in the area of insolvency, when one of the insurance companies becomes insolvent. The insurance company, under current law, would offset that 200,000 versus the 100,000, and only the extra 100,000 would have to be either paid to the insolvent insurer, or waiting to be received from the insolvent insurer, depending which side you're on. Now the problem under...LB 236 would change this, in that checks would actually go back and forth. The problem you run into there is that right now Nebraska, as you know, has a very strong insurance industry. Very rarely do we have insurance companies go into insolvency. So what the bill actually does is it, as has been passed, ends up or results in Nebraska dollars flowing out to other insurance companies in other states that may be insolvent, and the Nebraska insurance companies, because of that fact that our insurance companies don't go insolvent very often, do not receive dollars in return. The thrust of the amendment is simply...does not change what LB 236 did, it simply moves the operative date from January 1 of '92 to July 1 of '92, and the reason being to provide another session in which to adjust that language, if necessary. There